

NEWS

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Former Samsung America Director Admits Embezzling More Than \$1 Million

(More)

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NEWARK – A former director of Samsung America, Inc.’s Korea Export Department pleaded guilty today in connection with his scheme to embezzle more than \$1 million from Samsung America from 2002 through 2007, U.S. Attorney Christopher J. Christie announced.

John Y. Lee, a/k/a “Yong Kook Lee”, 44, of West New York, pleaded guilty before U.S. District Judge Susan D. Wigenton to Count One and Court Four of a four-count Information which charge him with wire fraud and subscribing to false individual income tax returns. The charges are in connection with an elaborate scheme to embezzle funds from Samsung America, a Ridgefield Park-based global trading and investment company and American subsidiary of the Korean conglomerate Samsung Corporation.

Judge Wigenton scheduled sentencing for Oct. 6. Lee is free on a \$500,000 secured bond in the meantime.

At his plea hearing, Lee admitted that in September 2000, he created a fictitious entity that he called the Engelhard Supple (sic) Co. to make it appear as though that entity was actually Engelhard Corporation, a provider of metal refining services based in Iselin. To fraudulently obtain money from Samsung America, Lee admitted creating numerous false financial documents, including invoices, purchase orders and payment applications, that made it appear that Samsung Corning Precision Glass, Ltd., a joint venture involving the Samsung Corporation and Corning, Inc., had ordered services from Engelhard.

In fact, no real services had been ordered or provided. Lee simply submitted these fraudulent documents to Samsung America to induce Samsung America to wire money directly into a bank account Lee controlled. In an effort to conceal his fraudulent conduct, Lee sent false documents to Samsung America’s accounting department, according to Assistant U.S. Attorney Justin W. Arnold, who is handling the prosecution.

In his plea agreement, Lee stipulated that the loss to the company was between \$1 million and \$2.5 million.

During his plea hearing, Lee also acknowledged that he signed and filed a 2006 Individual Income Tax Return with the Internal Revenue Service that failed to include approximately \$339,138 Lee embezzled from Samsung America in 2006.

Although Lee pleaded guilty specifically to only one of three tax fraud counts, the remaining tax counts and their loss amounts to the government are “relevant conduct” that will be considered at sentencing.

The wire fraud charge to which Lee pleaded guilty carries a statutory maximum penalty of 20 years in federal prison and fine of \$250,000. The charge involving the making and

subscribing of a false tax return to which Lee pleaded guilty carries a statutory maximum penalty of three years in federal prison and fine of \$250,000.

In determining the actual sentence, Judge Wigenton will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, any “relevant conduct,” the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun, and Special Agents of the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, and investigators from the New Jersey Division of Criminal Justice, with the investigation of Lee.

The case is being prosecuted by Assistant U.S. Attorney Justin W. Arnold of the U.S. Attorney's Office Securities and Health Care Fraud Unit.

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Defense Counsel: Paul Brickfield, Esq., River Edge